



# ENERGY ASSURANCE DAILY

Wednesday, July 26, 2006

## Major Developments

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### **Update: EPA Lifts Clean Fuel Rule in Illinois to Ease Supply Crunch After Wood River Refinery Shutdown**

The U.S. Environmental Protection Agency issued a waiver on Tuesday that will temporarily lift clean gasoline rules around East St. Louis Illinois until August 4. The waiver was issued in order to ease a fuel supply crunch caused by the shutdown of the ConocoPhillips' 306,000 b/d Wood River refinery in Roxana, Illinois. The waiver allows retailers to temporarily sell lower grade gasoline that is cheaper to produce and more readily available than fuels that adhere to tougher environmental standards. The Wood River refinery was shut on July 19 after a storm-induced power outage. ConocoPhillips said it would likely restart the plant the week of July 31. The Wood River refinery accounts for about 9 percent of U.S. Midwest (PADD 2) refining capacity.

Reuters, 17:13 July 25, 2006

### **Update: 90,000 Ameren UE Customers Remain Without Power in St. Louis July 26**

According to the outage map page on Ameren UE's website, 90,164 customers remained without power as of 12:02 p.m. today, down from 156,035 customers at 11:25 yesterday morning. Ameren Corp expects power to be restored to all of its customers in the St. Louis area by the end of today. Last week, two heavy storms hit St. Louis, causing over 1.1 million customers to lose power.

[http://www.ameren.com/Outage/ADC\\_RS\\_StormCenter.asp](http://www.ameren.com/Outage/ADC_RS_StormCenter.asp)

[http://www.usatoday.com/weather/storms/2006-07-26-st-louis-storms\\_x.htm?csp=34](http://www.usatoday.com/weather/storms/2006-07-26-st-louis-storms_x.htm?csp=34)

## Electricity

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### **Update: California ISO Sees No More Power Emergencies This Week**

Although a Stage 1 Emergency remained in effect until 8 p.m. last night, the CAL ISO does not anticipate any further power emergencies for the remainder of the week as a cooling trend has been forecast. Despite the improved grid conditions, Cal ISO again asked generators and transmission owners to avoid unnecessary maintenance on the equipment today. The Cal ISO said 62,000 customers were without power on Tuesday due to overheated neighborhood transformers.

Reuters, 06:59 and 10:10 July 26, 2006

### **Update: PG&E Working to Restore Power to Customers in California**

Pacific Gas and Electric has prioritized its efforts to restore power to its customers affected by the heat wave and an overwhelmed infrastructure. The company is focusing on restoring power to customers without power for the longest periods of time. Prolonged heat conditions have prevented system equipment from cooling down, contributing to the delay in power restoration. As of the July 25 at 4:00 p.m., 27,331 customers remained without power.

[http://www.pge.com/news/news\\_releases/q3\\_2006/060725.html](http://www.pge.com/news/news_releases/q3_2006/060725.html)

### **Update: PacifiCorp Sending Work Crews to Help SCE with Power Restoration in California**

To help restore power to the approximately 9,300 Southern California Edison (SCE) customers still without power on July 25, SCE secured work crews from PacifiCorp to help its 400 plus personnel who are working around the clock to restore power. PacifiCorp personnel are expected to begin work immediately.

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6944344](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6944344)

### **30,000 SRP and APS Customers Without Electricity in Arizona July 26**

A storm hit Arizona during the night of July 25, causing 30,000 Salt River Project (SRP) and Arizona Public Service (APS) customers to lose power. By 7 a.m. this morning, 8,000 SRP and APS customers were reported as still being without power. Both companies hope to restore power to all customers today.

<http://www.azcentral.com/news/articles/0726valleystorm26-ON-CR.html>

### **Update: Power Returns for All Queens, NY, Residents**

Power has been restored to all of the 25,000 Con Ed customers who lost electricity on June 18. Some customers were without power for more than a week.

<http://www.newsday.com/news/local/newyork/am-out0726.0.3392887.story?track=rss>

### **OPG's Abitibi Canyon Hydro Unit Returns to Service in Ontario July 26**

Reuters, 13:55 July 26, 2006

### **Update: Bruce Power's 750 MW Bruce 3 Nuke in Ontario Shut July 25**

The unit will be shut till later in the week to repair a steam extraction valve.

Reuters, 13:55 July 26, 2006

### **Update: Final Hurdles Cleared for 350 MW Caithness Plant in New York**

Caithness Energy LLC's 350-megawatt Caithness power plant in Yaphank, NY, has been given an okay for construction by the Brookhaven Town Board, which approved a variance and special-use permit for the plant. The plant's proposal has already won state and federal approvals. The plant will burn oil and natural gas.

<http://www.newsday.com/news/local/longisland/ny-libroo264829525jul26.0.6068497.story>

### **Calgary and Edmonton Experience Rotating Blackouts July 24**

On July 24, the Alberta Electric System Operator instructed electric utilities Enmax and Epcor to reduce electricity consumption "in order to maintain the integrity of the provincial electricity system." A series of 30-minute rotating power outages in Calgary and Edmonton resulted. An unusually hot and humid weather over the weekend contributed to an increased demand for electricity. The problem began when a line connecting British Columbia and Alberta flipped off. Failures at a couple of coal-fired power plants also increase the strain on the system. A company spokeswoman said that the power shortage is not likely to be a recurring trend, noting that the high-level alert was the first since 1998.

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6939739](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6939739)

## ***Petroleum***

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### **Update: Heat Wave Affects California Pipeline and Refinery Operations**

On Monday, when the California Independent System Operator issued a Stage 2 Emergency, power to the state's oil pipelines was curtailed. According to industry sources, power was cut to the lines between 3 p.m. until sometime between 6 and 7 p.m. Although power was not cut to refineries, a story carried by Reuters yesterday detailed several heat-related refinery problems. According to OPIS, California refineries would not be affected should rolling blackouts occur since most of the state's refineries that do not have their own co-generation plants were classified as "essential use" electricity customers during the rolling blackouts of 2001.

Oil Price Information Service Alert, 12:03 July 25, 2006

Reuters, 14:20 July 25, 2006

### **Update: PdVSA's 635,000 b/d Amuay Refinery in Venezuela Will be at Reduced Output for 2 Months**

The company said that it expects repairs to the plant, which was damaged by fire on July 17, to take about 60 days but said that domestic and international deliveries of gasoline and other products will still be met during the shutdown. Fire damage to a crude distillation unit has forced the plant to reduce output by about 74,000 b/d. Before the fire, the refinery had been processing 440,000 b/d. Venezuela supplied about 7.9 percent of total U.S. refined petroleum product imports in 2005, or about 275,000 b/d.

Bloomberg News, 10:54 July 26, 2006

### **Suncor's 70,000 b/d Sarina, Ontario Refinery Now Producing ULSD Fuel**

The company has started up a new diesel desulfurization unit that will produce ultra low sulfur diesel fuel.

Reuters, 15:46 July 26, 2006

### **Shell Issues Force Majeure on Nigerian Bonny Light Crude July 26**

Royal Dutch Shell has confirmed a force majeure on Bonny Light crude oil after an accidental pipeline leak cut production by 180,000 b/d. Shell is now losing 653,000 b/d of production from Nigeria. Nigeria supplied about 8 percent of total U.S. oil imports in 2005.

Reuters, 13:34 and 13:51 July 26, 2006

### **Eni Flow Station Attacked, Shut Down in Nigeria**

The company said that its Ogbainbiri flow station in the Niger Delta was attacked late Tuesday, forcing it to shut down. The company said that the attack caused a “significant decrease” in output. Eni normally exports 200,000 b/d through its Brass tanker terminal in Bayelsa.

Reuters, 09:47, 13:00 and 13:51 July 26, 2006

### **U.S. Oil and Gas Drilling Hit 20-Year High –API**

According to a report released by the American Petroleum Institute, oil and gas drilling activity in the United States reached a 20-year high in the first half of 2006. Overall, natural gas was the primary target for domestic drilling but oil well completions also rose dramatically.

[http://accessapi.api.org/accessapi/docs/axsapi\\_order\\_form\\_2006.doc](http://accessapi.api.org/accessapi/docs/axsapi_order_form_2006.doc)

Bloomberg News, 13:32 July 26, 2006

### **Oil from ExxonMobil Nigeria Project Begins to Flow – Production to Peak at 120,000 b/d**

ExxonMobil’s affiliate, Mobil Producing Nigeria Unlimited, has started up the East Area Additional Oil Recovery project, which involves the reinjection of natural gas to mitigate normal field decline from East Area reservoirs. The project is expected to produce a peak volume of 120,000 b/d.

<http://biz.yahoo.com/bw/060726/20060726005529.html?v=1>

## ***Natural Gas***

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### **Construction Begins for 192 Mile Segment of Rockies Express Natural Gas Pipeline**

Ground has been cleared for the 42-inch, west-east 192-mile segment of the Rockies Express natural gas pipeline, which will export natural gas to Ohio. Once completed in 2009, the pipeline will be one of the largest in North America, able to carry up to 1.8 bcf/day.

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=6939592](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6939592)

### **FERC Approves Bobcat’s Plans to Construct Natural Gas Storage Facility in Louisiana**

The Federal Energy Regulatory Commission (FERC) recently approved the construction and operation of Bobcat’s high-deliverability natural gas storage facility in St. Landry Parish, Louisiana. The project consists of two salt caverns with a total working gas capacity of 12.0 Bcf with an injection capacity of 900,000 dekatherms (Dth), and maximum withdrawals of 1,200,000 Dth per day.

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=6942309](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6942309)

### **Enterprise to Expand and Enhance Texas Intrastate System to Meet need of CenterPoint**

Enterprise Products Partners LP has signed new contracts with CenterPoint Energy Resources Corporation to provide 14 Bcf/year of gas transportation and storage services primarily in the Houston area. Consequently, Enterprise will expand and enhance its intrastate pipeline system, expand its gas storage facilities, and construct new citygate stations to connect its systems with CenterPoint. The work is expected to be completed in phases throughout 2006 and 2007.

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=6943646](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6943646)

### **Alliance, Duke, and NJR Sign MOU to Build “Lebanon Connector” Pipeline**

Alliance Pipeline, Duke Energy Gas Transmission (DEGT), and NJR Pipeline Company have signed a memorandum of understanding (NOU) to construct the Lebanon Connector, an interstate natural gas pipeline that will connect Canadian natural gas supplies to northeastern U.S. The Lebanon Connector will connect either from the Alliance Pipeline in Illinois or from a Vector Pipeline interconnect in Indiana. The pipeline will then connect to the existing Lebanon Lateral at Gas City, Indiana. One option is for natural gas to then be transported to Lebanon, Ohio, or the planned Lebanon Connector could move gas to regional storage fields.

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=6944168](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6944168)

## Other News

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Nothing to report.

## Energy Prices

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U.S. Oil and Gas Prices			
July 26, 2006			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	73.95	72.80	56.79
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	6.71	5.89	7.45

Source: Reuters

## Energy Notes

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**Economic Solutions for Recycling U.S. Nuclear Fuel Report by Boston Consulting Group**  
[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=6944275](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6944275)

**Indonesia's OPEC Governor Says OPEC Has Lost Control of Prices**  
<http://www.platts.com/HOME/News/8555230.xml?sub=HOME&p=HOME/News&?undefined&undefined>

**Four Oil and Gas Companies File Lawsuit to Protect Rivers in the Powder River Basin from Pollution Due to Coal-bed Methane Development**  
[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=6939585](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=6939585)

## Links

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***This Week in Petroleum*** from the Energy Information Administration (EIA)  
<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>  
Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA  
[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)  
Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA  
<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>  
Updated after 2:00 PM EST every Thursday.

## ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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